GOVERNMENT OF INDIA
STEEL
LOK SABHA

UNSTARRED QUESTION NO:4525
ANSWERED ON:24.04.2008
CONTRACTS FOR IMPORTING RAW MATERIALS
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Will the Minister of STEEL be pleased to state:

(a) whether large steel manufacturers have been tying up for natural resources across the world to meet their requirement of raw materials;

(b) if so, the details in this regard ;

(c) the name of Indian steel manufacturers so far signed contracts with various countries to import raw materials; and

(d) the extent to which such import of raw material has been responsible for price-rise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF STEEL(SHRI JITIN PRASADA)

(a) & (b) : Yes, Sir. The Government of India has given approval for formation of a Special Purpose Vehicle (SPV) of Steel Authority of India Limited (SAIL), Rashtriya Ispat Nigam Ltd. (RINL), Coal India Limited (CIL), National Minerals Development Corporation (NMDC) and National Thermal Power Corporation Limited (NTPC) for securing metallurgical coal and thermal coal assets in overseas territories for meeting the requirements of raw material of these companies. Acquisition of coking coal assets would be done by the proposed SPV for the member companies. Preliminary business activities of the SPV have commenced with the identification of suitable resources in various countries.

(c) SAIL and RINL imports metallurgical coking coal and Low Silica Limestone from various countries and have long term and short term contracts for import of these items.

(d) Raw material comprises a substantial part of the cost of production of steel. The impact of increase in the price of raw martial resources will differ from producer to producer, depending on the technology as well as the availability of captive raw material resources. The raw material cost per tonne of crude steel, in the case of some of the major steel producers, based on the information published in their website is as under:

Cost of Raw Materials per tonne of Crude Steel

(Rs/tonne)

Name of the producer	Jan-Mar, 2007	Apr-June, 2007	Jul-Sep, 2007	Oct-Dec,2007
Steel Authority of India Ltd	9131	8822	8902	8886
Tata Steel Ltd	7635	7796	6977	8340
JSW Ltd	14750	15274	15383	16530